

# To buy or not to buy?

by Master Sgt. Orville F. Desjarlais Jr.  
photo by Master Sgt. Scott Wagers

## Web sites

**[www.usaaedfoundation.org](http://www.usaaedfoundation.org)**

From helping you to decide whether to rent or buy, this site explains the home-buying process, step by step. Although USAA is a banking and lending institution, the site is well balanced and unbiased.

**[www.firstgov.gov/Citizen/Facts/Facts\\_Home.shtml](http://www.firstgov.gov/Citizen/Facts/Facts_Home.shtml)**

Good starting point for beginners: housing surveys, demographics, home price index's, interest rate averages and more.

**[www.realestateabc.com/glossary/](http://www.realestateabc.com/glossary/)**

Provides a good glossary of terms. If you're a first timer, this is a good place to educate yourself on real estate terms.

**[www.hud.gov/buying/index.cfm](http://www.hud.gov/buying/index.cfm)**

Information about home-buyers' rights, predatory lending, first-time buyer tips and more.

So, you're thinking about buying your first home, but that first step has you worried. If you remain on base or continue to rent, you remain in your comfort zone. You're not taking any chances — not rolling the dice.

After all, you've heard the stories, maybe similar to the one about the technical sergeant stationed at Tinker Air Force Base, Okla., who bought a home, then moved 24 months later because of an assignment. During the 11 months it took to sell his home, he had to pay two mortgages. In the end, he paid more than \$11,000 in extra mortgage payments, \$7,000 to the real estate agent and sold it for \$4,000 less than it was worth.

But then again, you may have heard success stories.

Rodney Jones was a buck sergeant at Vandenburg Air Force Base, Calif., in 1988 when he and his newly wed wife, Janice, decided to buy a condominium for \$104,000. Even though their real estate friend said it was as steal, he felt uneasy about being an E-4 with more than \$100,000 of debt. Two-and-a-half years later, they sold the condo for \$140,000 and invested everything they made into a new \$222,000 home. They eventually sold it for \$340,000 and bought another, bigger one, for \$395,000. Today, having retired as a master sergeant, Mr. Jones lives in a home that has nearly doubled in equity. A home similar to theirs recently sold for \$640,000.

Perhaps the most difficult step in the home-buying process is deciding whether to continue renting, or take the plunge and buy a home. Both have their advantages and disadvantages. With more

than just a little research, you can make the decision that's right for you and the market you're in.

## Strike when the time is right

Being childless during their first 10 years of marriage, the Joneses felt they didn't have much to lose when they dove head first into the housing mar-

ket. They threw all their extra money into their first condominium, and when they purchased their first home, they doubled up on house payments for many years. Today, they only owe \$60,000 for the home they purchased for nearly \$400,000.

"To buy depends upon the area," Mr. Jones said. "I bought a home

because the market is good in California. If I were in Charleston, S.C., I wouldn't buy a home."

In other words, when housing prices drop in a certain area, home ownership may not be a smart investment. In that type of situation, it may be difficult to sell a home, too. On the other hand, when you're in the same

bucket as the Joneses, buying a home may be lucrative. The smart thing to do is to study the price trends in your area. Real estate professionals, local veteran affairs specialists and local friends and family can give you a good idea which homes are sound investments.

## Airmen and their gypsy lifestyles

Most Airmen will average five or six moves during their military careers, which equates to moving every three to four years. According to the USAA Educational Foundation, unless you stay in your home for four or five years, you may not get enough of a return to pay the costs of buying and fixing up a home. They say Airmen might be better off investing the amount saved on monthly payments and down payments into low-risk investments. These three- to four-year moving cycles allow for adjustable rate loans at lower percentage rates.

When deciding whether to rent or buy, Foundation officials say you should consider taxes, capital gains and military separation. For instance, it's more difficult to secure a home loan if you've just retired and are starting in a new career.

However, in an inflation-

**Sometimes it's difficult to decide** whether to buy or rent a home. Both have their advantages and disadvantages. Learning beforehand what you're getting into is half the battle.



ary market, like California and other states, you may recoup your initial investment within the first four years or sooner.

On the other hand, when Uncle Sam gives you money for housing, why throw it away on rent questions Dan Auito, author of "Magic Bullets in Real Estate."

In his chapter "A Military Strategy," Mr. Auito says Airmen should purchase a three bedroom, two-bath home because they are the easiest to sell. His premise is if you purchased a home for \$150,000 and did nothing to it, the average inflation rate of 3 percent compounded over three years would net you \$163,909, making you \$13,909. Keep doing this for 20 years, sinking everything you made on your next home, and you'd end up owning a \$150,000 home free and clear for your retirement. To make your dreams possible, he recommends selling the home yourself and avoid paying thousands of dollars in real-estate commission fees.

## First-hand help

To talk to someone face to face about home buying, contact your local family support center, which offers seminars on the topic. The FSC invites Veterans Affairs representatives or local small business bureau officials to give speeches and answer questions about the sometimes overwhelming process of buying a home for the first time.

"We have offices in each region that send representatives to military installations," said Debbie Biagiolli, a public affairs official from the VA regional office in Houston, Texas. "For first-time buyers, the seminars are a good place to start. In addition to home loan information, attendees can learn more about educational benefits, insurance and other VA benefits."

Whether you decide to buy a home or not, you want to set yourself up for success, not failure — like me. I was that technical sergeant mentioned earlier. ♡